

## **MINUTES**

### **KANSAS BUSINESS HEALTH POLICY COMMITTEE**

**October 1, 2004**

**Kansas Insurance Department  
Topeka, Kansas**

#### **MEMBERS PRESENT:**

Kansas Insurance Department  
Lt. Governor John Moore  
Senator Ruth Teichman, Stafford  
Representative Sue Storm, Shawnee Mission  
Scott Brunner, SRS for Janet Schalansky  
John Naramore, Lawrence  
Howard Fricke, Kansas Department of Commerce

#### **MEMBERS ABSENT:**

Pat Kaufman, Vice-Chair, Shawnee Mission  
Representative Willa DeCastro, Wichita  
Senator Henry Helgerson, Wichita

#### **OTHERS PRESENT:**

Karen Braman, Governor's Office of Health Planning and Finance  
Bob Day, Director, Governor's Office of Health Planning and Finance  
Wendy Dressler, Governor's Office of Health Planning and Finance  
Barbara Langner, University of Kansas  
Tom Steiner, Mercer Consulting  
Barbara Torkelson, Kansas Insurance Department  
Mark Whiting, Mercer Consulting  
Matt Jordan, Kansas Department of Commerce  
Andrew Allison, Kansas Health Institute

**Kansas Business Health Policy Committee**  
**October 1, 2004**  
**10:00AM – 3:00PM, Kansas Insurance Department**

Commissioner Praeger welcomed members of the Committee followed by introduction of Committee members and guests.

Barb Langner informed the Committee that the Kansas Insurance Department received a HRSA Grant award. The proposal received a score of 93, the highest among all proposals submitted. The award amount is \$400,000. The grant is a complement to the work Mercer is doing on benefit package modeling, subsidies and tax credits. It will look at modeling four mechanisms of reinsurance: 2 prospective and 2 retrospective. The two prospective models are based on the New York and Connecticut models and the two retrospective are tied to diagnosis codes and claims expenditures. Karl Ideman, Pool Administrators, CT, will partner with us on the reinsurance modeling.

Insurance Commissioner Praeger briefly summarized the intent of the BHP legislation for Committee members and the increased need for subsidy dollars.

Tom Steiner, Mercer, gave a presentation to the Committee on Uninsured Coverage. Goals for the meeting included:

- Agree on the priorities/parameters of the benefit design
- Discuss key issues impacting benefit design
  - Maximize coverage of the uninsured
    - Consider premium and cost sharing (deductibles, etc.) amounts
  - Offer comprehensive, affordable benefit package
  - Develop product acceptable to stakeholders (uninsured, carriers, CMS, providers, etc.)
  - Adhere to insurance product mandates
    - Include preventive and health screening services

Mr. Steiner first summarized points from his presentation to the Committee during the September meeting then described the uninsured population in Kansas. 10.5% of Kansans under age 65 are uninsured. There are 244,800 total uninsured; 188,800 adults (85% of which are working) and 56,000 children. Approximately half of working adults are employed by firms with 2-49 employees. The target audience of Small Group Reform are the working uninsured making less than 200% of the Federal Poverty Level (FPL) which is \$37,700 annual income for a family of four.

The following timeline for the Committee was outlined in Tom's presentation.

- October 1, 2004
  - Review and discuss priorities/parameters for benefits package
- November 2004
  - Continued review and discussion of benefits package options
  - Finalize benefits package
- December 2004
  - Receive benefits package actuarial cost from Mercer
- February 2005

- Review subsidy modeling
- March 2005
  - Decision on structuring risk (stop loss, number of health plans)

There was a brief discussion on the modified rating band system used in Kansas. This was followed by discussion about the advantage of a public/private partnership that could leverage employer dollars for coverage. The Committee discussed common benefits and reviewed cost-sharing options, as well as crowd-out and the issue of equity for businesses who have been providing coverage for their employees. The federal SCHIP program initially had a crowd-out provision, but this was removed.

The Committee also reviewed the current tax credit program. The credit, limited to companies that haven't offered health care coverage to their employees in the previous two years, starts at \$35 per employee per month and decrements in years 3 and 4, with a phase-out in year 5. The current tax credit is not seen as "business friendly" and there is low awareness of it throughout the state.

The Committee gave Mercer general direction on several benefit options for Mercer to model. Mercer will present these models and costs at the November meeting.

There was a brief discussion on suggested names for the health benefit package to be offered. The Committee was asked to forward recommendations to the Governor's Office of Health Planning and Finance. Suggestions made at the meeting included Ad Astra Health and AstraHealth. (and Jayhawk Health☺)

### **Scheduled Meetings:**

Thursday, November 18<sup>th</sup>, **10:00AM – 3:00PM** in the 3<sup>rd</sup> floor conference room of the Kansas Insurance Department (420 SW 9th Street, Topeka, KS).

Tuesday, December 14<sup>th</sup>, **11:00AM – 3:00PM** in the 3<sup>rd</sup> floor conference room of the Kansas Insurance Department (420 SW 9th Street, Topeka, KS).

You may also check out our website at [http://www.ksgovernor.org/healthPlanning/workgroups\\_hpf.shtml](http://www.ksgovernor.org/healthPlanning/workgroups_hpf.shtml) for scheduled meeting dates, times, and locations as well as past meeting agendas, minutes, presentations and handouts.